

DEPARTMENT OF MANAGED HEALTH CARE

Attachment A

WHEREAS, California Physicians' Service, d/b/a Blue Shield of California, Inc. (the "Plan"), a health care service plan licensed pursuant to the Knox-Keene Health Care Service Plan Act of 1975, as amended (the "Act"), filed with the Department a Notice of Material Modification on June 30, 2004 ("Material Modification"), along with all Amendments to the Material Modification filed thereafter, proposing a change that would narrow its provider network. The Department approved in part and denied in part the Material Modification on August 5, 2004 (the "Order").

NOW THEREFORE, the Plan submits to the Director of the Department of Managed Health Care (the "Department") the following undertakings:

Undertaking No.1

The Plan shall require that "Sacramento Groups" in the "Greater Sacramento Area" provide access for CalPERS members to specialty services in accordance with the standards set forth below. For the purposes of this undertaking, the "Sacramento Groups" are Golden State IPA, Hill Physicians Sacramento, MedClinic, Sierra Nevada Medical Associates, UC Davis Medical Group and Woodland Medical Clinic and the "Greater Sacramento Area" shall be the Counties of El Dorado, Nevada, Placer, Sacramento and Yolo.

The Plan shall ensure that Sacramento Groups participating in the Plan's 2005 CalPERS network in the Greater Sacramento Area shall provide CalPERS members with access to medically necessary specialist referrals according to the following standards:

- | | | |
|----------|---|--|
| 24 hours | - | Urgent appointment offered with a specialist. |
| 2 weeks | - | Routine non-urgent appointment offered for an established patient visit. |
| 4 weeks | - | Routine non-urgent appointment offered for a new patient consult with secondary specialist. |
| 8 weeks | - | Routine non-urgent appointment offered for a new patient consult with sub-specialist or tertiary specialist. |

If a Sacramento Group is unable to offer an appointment with a qualified specialist within its own network in accordance with the above standards, the group shall undertake reasonable efforts to make arrangements to have that care provided through an appropriate specialist from another Sacramento Group.

The Plan shall monitor compliance with these standards as follows:

- (a) The Plan shall monitor the complaints received from CalPERS enrollees regarding access to specialty services to identify any trends showing non-compliance with the above standards. Appropriate corrective action shall be taken to remedy systemic and individual occurrences of non-compliance.

DEPARTMENT OF MANAGED HEALTH CARE

Attachment A

- (b) The Plan shall monitor access to specialty services at each Sacramento Group to determine the wait time for the first available appointment for a new patient consult. The Plan shall conduct this monitoring on a monthly basis for the first twelve (12) months following implementation of the 2005 CalPERS provider network and then quarterly thereafter. The Plan shall take appropriate corrective action in the event of systemic or individual occurrences of non-compliance with these standards.

Moreover, upon receipt of an enrollee complaint, if the Plan is unable to arrange for an appropriate timely specialist appointment through the enrollee's medical group/IPA, the Plan shall directly undertake to secure a timely appointment with a qualified provider.

Undertaking No. 2

The Plan shall authorize admissions to and provide full benefits for CalPERS enrollees for medically necessary admissions at the following hospitals that are otherwise excluded from the 2005 CalPERS provider network if the Plan is unable to provide access for enrollees in Plan facilities within standards required by current practice patterns in compliance with the Act:

- Sutter Delta Hospital
- Memorial Hospital of Los Banos
- Washington Hospital (OB services only)

In addition, the Plan shall authorize and provide full benefits for CalPERS enrollees for outpatient radiology services at Memorial Hospital of Los Banos.

Undertaking No. 3

The Plan shall offer those affected enrollees who would otherwise qualify for continuity of care, the ability to continue care, upon request, with an otherwise excluded provider, subject to all requirements in accordance with Section 1373.96 of the Act. The Plan shall implement the continuity of care plan and utilize the continuity of care policies, documents and notifications that are currently on file with the Department.

All Plan communications with enrollees impacted by the exclusion of a provider from the network, as described in this filing, shall include notice regarding the enrollees' rights to request continuity of care.

Undertaking No. 4.

The undertakings set forth herein shall be enforceable to the fullest extent of the authority and power of the Director of the Department under the provisions of the Knox-Keene Act, including all civil, criminal, and administrative remedies (such as Cease and Desist Orders, freezing enrollment, and assessment of fines and penalties). The enforcement remedies enumerated in this Undertaking 4 are not exclusive and may be sought and

DEPARTMENT OF MANAGED HEALTH CARE

Attachment A

employed in any combination deemed advisable by the Director of the Department to enforce these undertakings.

Undertaking No. 5.

The undertakings set forth herein shall be subject to the following terms and conditions:

- (a) **Binding Effect.** The undertakings set forth herein shall be binding on Blue Shield and its respective successors and permitted assigns. If Blue Shield fails to fulfill its obligations to the Department as provided under the undertakings set forth herein, Blue Shield stipulates and agrees that the Department shall have the authority to enforce the provisions of these undertakings in a California court of competent jurisdiction.
- (b) **Governing Law.** The undertakings set forth herein and their validity, enforcement, and interpretation, shall for all purposes be governed by and construed in accordance with the laws of the State of California.
- (c) **Invalidity.** In the event any undertakings or any portion of any undertaking set forth herein shall be declared invalid or unenforceable for any reason by a court of competent jurisdiction, such undertaking or any portion of any undertaking, to the extent declared invalid or unenforceable, shall not affect the validity or enforceability of any other undertakings, and such other undertakings shall remain in full force and effect and shall be enforceable to the maximum extent permitted by applicable law.
- (d) **Duration.** The undertakings set forth herein shall become effective upon the effective date of the Order issued on the Material Modification, and except as to those provisions of the undertakings that contain separate termination provisions, shall remain in full force and effect until terminated by Blue Shield with the written consent of the Department.
- (e) **Third Party Rights.** Nothing in the undertakings set forth herein is intended to provide any person other than Blue Shield and the Department, and their respective successors and permitted assigns, with any legal or equitable right or remedy with respect to any provision of any undertaking set forth herein.
- (f) **Amendment.** The undertakings set forth herein may be amended only by written agreement signed by Blue Shield and approved or consented to in writing by the Department.
- (g) **Assignment.** No undertaking set forth herein may be assigned by Blue Shield, in whole or in part, without the prior written consent of the Department.

DEPARTMENT OF MANAGED HEALTH CARE
Attachment A

- (h) **Specific Performance.** In the event of any breach of these undertakings, Blue Shield acknowledges that the State of California would be irreparably harmed and could not be made whole by monetary damages. It is accordingly agreed that Blue Shield shall waive the defense in any action for specific performance that a remedy at law would be adequate, and the Department should be entitled to seek an injunction or injunctions to prevent breaches of the provisions of these undertakings and to seek to specifically enforce the terms and provisions stated herein. The Department's right to seek an injunction does not supersede the remedies available to the Director described in Undertaking 4.

DATE: August 5, 2004

Print Name: _____

Print Title: _____

California Physicians' Services, d/b/a
Blue Shield of California, Inc.